

March 31, 1976

SENATOR MURPHY: I would have to say that that contingency probably would be more adequately served under this bill than under an insurance company, Senator, in that the board ... the commission that would be created to control and operate this plan under the direction or with the concurrence of the Director of Insurance would be in a position to be flexible and in my own niggardly way I suppose I feel that they would be to the Legislature very quickly with their hand out for tax funds in order to accomplish the premium or the re-establishment of the pool.

SENATOR CHAMBERS: So then you think there could be a possibility where they would have to come to the Legislature for tax funds?

SENATOR MURPHY: This bill contemplates just that, Senator. The Legislature will provide the initial half million dollar pool which will be the operating base for the fund.

SENATOR CHAMBERS: So when it's said that it will not cost money that is not strictly true, they're hoping for a pay-back but there will be an initial payout from the General Fund.

SENATOR MURPHY: It contemplates two processes. One, the possibility of having the plan carried out by contract with an existing carrier of this type of insurance, or in the alternative the plan could be carried out by the board itself. The authority has a power, under this bill, that if they do not find a suitable carrier at a suitable price they can then proceed with the program on their own.

SENATOR CHAMBERS: Now if they can't find a suitable carrier at a suitable price that would probably be.... Let's presume there are carriers somewhere in the country that the price is considered exorbitant. So in order to have the funds ... the general fund of the state would then make the initial outlay to get the program going. Is that correct or is that incorrect?

SENATOR MURPHY: Well actually the state is a banker in this situation, Senator. We provide the half million dollar fund so that there is financial backing for any claims that would be made, but the health care delivery people would be totally responsible for repaying that pool through premiums.

SENATOR CHAMBERS: Suppose, based on the number of judgements or awards that would have to be paid out of the fund, there should not be enough money with the ... you've set a limit as to the percentage of the income that can be assessed and I think it's two percent.

SENATOR MURPHY: Yes sir.

SENATOR CHAMBERS: Suppose that wouldn't bring in enough to keep the fund solvent, then the General Fund would make up the slack.

SENATOR MURPHY: The General Fund certainly would be used as an adequate reserve, but in the event of unanticipated loss, Senator, I'm sure that there would be, as with all insurance, an adjustment of premium made and assessed against the health care providers. Of course, ultimately you and I will pay.